

Message Text

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43

ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 /155 W

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R 070926Z JUN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2462

UNCLAS TOKYO 7526

PASS TREASURY, FEDERAL RESERVE AND CEA

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: FIRST QUARTER GNP RESULTS

SUMMARY: ON JUNE 7 ECONOMIC PLANNING AGENCY ANNOUNCED THAT JAPAN'S REAL GNP DURING JAN-MAR 1974 REGISTERED DECLINE OF 5.0 PERCENT ACCORDING TO PRELIMINARY FIGURES. THIS REPRESENTS LARGEST QUARTER-TO-QUARTER DROP SINCE 1954. NOMINAL GNP ROSE 2.4 PERCENT DURING THE FIRST QUARTER. END SUMMARY.

1. VIRTUALLY ALL MAJOR JAPANESE NEWSPAPERS GAVE FRONT PAGE COVERAGE ON JUNE 7 TO EPA ANNOUNCEMENT THAT REAL GNP DECLINED ESTIMATED 5.0 PERCENT IN FIRST QUARTER 1974, REPRESENTING LARGEST QUARTER-TO-QUARTER DECLINE IN 20 YEARS. SHARP DROP WAS ATTRIBUTED TO EFFECTS OF SERIOUS INFLATION, SUBSTANTIAL DECLINE IN PERSONAL CONSUMPTION EXPENDITURE AND ECONOMIC UNCERTAINTIES CAUSED AS RESULT OF THE OIL CRISIS. EPA NOTED THAT CONSUMER SPENDING DECLINED BY A RECORD 5.5 PERCENT IN THE FIRST QUARTER. SPENDING FOR PRIVATE RESIDENTIAL CONSTRUCTION ALSO SLUMPED SEVERELY BY 10.3 PERCENT DUE TO EFFECT OF TIGHT MONEY POLICY. EPA INDICATED, HOWEVER, IT EXPECTS SUBSTANTIAL UPTURN

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IN CONSUMER SPENDING LATER THIS YEAR, PRIMARILY AS

RESULT OF SIGNIFICANTLY HIGH WAGE INCREASES (AVERAGING 30 PERCENT) WON DURING GENERAL WAGE NEGOTIATIONS HELD IN APRIL.

2. NOMINAL GNP ROSE ESTIMATED 2.4 PERCENT DURING THE JAN-MAR PERIOD.

3. FOR JFY 1973 (APR 1, 1973-MAR 31, 1974) ANNUAL RATE OF REAL GNP GROWTH REGISTERED ONLY 5.4 PERCENT, DOWN FROM 11.0 PERCENT RECORDED IN JFY 1972. IN NOMINAL TERMS, GNP IN JFY 1973 TOTALLED YEN117.6 TRILLION, UP 23.0 PERCENT FROM JFY 1972.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
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Disposition Event:
Disposition History: n/a
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30 JUN 2005

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Status: NATIVE
Subject: FIRST QUARTER GNP RESULTS SUMMARY: ON JUNE 7 ECONOMIC PLANNING AGENCY ANNOUNCED THAT
TAGS: EFIN, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005